

Message Text

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PAGE 01 STATE 169401

13

ORIGIN IO-14

INFO OCT-01 AGR-20 RSC-01 AID-20 EB-11 EUR-25 COME-00

ADP-00 ABF-01 TRSE-00 OMB-01 CIAE-00 INR-10 NSAE-00

L-03 /107 R

DRAFTED BY IO/UN/BAPS:WMSOUTHWORTH/JCSAULS:MJF

8/24/73 EXT. 23049

APPROVED BY IO - DAVID H. POPPER

IO/UN/BAPS - MR. LEV (SUBS)

IO/EX - MR. CUMMINS

IO - MR. MOREY

IO/SEC - MR. HENNES

M/FRM/BP - MR. CORCORAN

OMB - MR. FOX

EB/OMA - MR. KRIZAY

TREASURY - MR. LEDDY

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R 242221Z AUG 73

FM SECSTATE WASHDC

TO USMISSION GENEVA

USMISSION USUN NEW YORK

AMEMBASSY VIENNA

USMISSION IAEA VIENNA

AMEMBASSY LONDON

AMCONSUL MONTREAL

AMEMBASSY PARIS

AMEMBASSY ROME

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FODAG, NESCO

E.O. 11652: N/A

TAGS: AORG, AFIN

SUBJECT: U.S. DOLLAR AND UN BUDGET CURRENCIES

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PAGE 02 STATE 169401

LONDON FOR SHIPPING ATTACHE

MONTREAL FOR ICAO REP

1. AS CONSEQUENCE OF IMPACT DOLLAR DEVALUATION ON UN AGENCY BUDGETS THERE HAS BEEN CONSIDERABLE DISCUSSION IN UN CIRCLES ABOUT (A) DENOMINATING SPECIALIZED AGENCY BUDGETS IN A CURRENCY OTHER THAN DOLLARS AND (B) PROVIDING FOR PAYMENT OF ASSESSMENTS PARTLY IN DOLLARS AND PARTLY IN THE CURRENCY IN WHICH A MAJOR PORTION OF EXPENDITURES IS MADE (HOST COUNTRY CURRENCY).

2. OFFICIAL OF CONSULTATIVE COMMITTEE ON ADMINISTRATIVE QUESTIONS (CCAQ) HAS MADE STUDY OF BUDGET CURRENCY PROBLEM FOR ACC. THIS STUDY AND OTHERS BEING SUBMITTED TO ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (ACABQ) AND, IF ISSUE CONTINUES TO BE DEEMED IMPORTANT, WILL PROBABLY BE REMANDED TO FIFTH COMMITTEE OF UNGA FOR CONSIDERATION THIS FALL.

3. IF DOLLAR STABILIZES WE DOUBT EITHER POSSIBLE ACTION CITED PARA. 1 WILL RECEIVE SERIOUS ATTENTION. CONTINUED UNCERTAINTY ABOUT DOLLAR, HOWEVER, WILL ALMOST SURELY RESULT IN FULL DISCUSSION OF CURRENCY PROBLEM AND PERHAPS

ACTION TO GUARD AGAINST FURTHER BUDGETARY LOSS. SOVIET BLOC MAY CHARGE U.S. WITH RESPONSIBILITY FOR EXTRA COSTS DUE DOLLAR DEVALUATION AND SEEK TO HAVE U.S. MAKE UN AGENCY BUDGETS WHOLE. OTHER STATES WILL WISH TO MINIMIZE INCREASE IN THEIR CONTRIBUTIONS RESULTING FROM DEVALUATION. (SOME COUNTRIES OF COURSE, HAVE BENEFITED BECAUSE THEIR CURRENCIES HAVE APPRECIATED AND OTHERS WILL CONTRIBUTE NO MORE IN REAL TERMS IF RE-COSTING CORRESPONDS TO DEGREE OF DEVALUATION.)

4. WITH RESPECT POSSIBLE CHANGE FROM DOLLARS IN CURRENCY OF ACCOUNTS, OUR READING IS THAT UN AND SA SECRETARIAT ADMINISTRATIVE PERSONNEL DO NOT REGARD IT AS PRACTICAL.

5. POSSIBLE CHANGE IN CURRENCY OF ASSESSMENTS TO PART DOLLARS, PART HOST COUNTRY CURRENCY REGARDED FAVORABLY IN MANY QUARTERS. WE ARE OPPOSED TO SUCH MOVE: (A) DOLLAR LIMITED OFFICIAL USE

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PAGE 03 STATE 169401

HAS SERVED UN SYSTEM WELL FOR 25 YEARS AND RELATIVE STABILITY OF CURRENCIES OVER LONG RUN REMAINS TO BE SEEN; (B) IT LESS EFFICIENT AND MORE COSTLY FOR UN AGENCIES TO WORK IN MORE THAN ONE CURRENCY; (C) U.S. DOMESTIC REACTION (PARTICULARLY IN CONGRESS) WOULD ALMOST CERTAINLY BE NEGATIVE, PERHAPS TO POINT OF WEAKENING SUPPORT OF UN SYSTEM. ON OTHER HAND, WE RECOGNIZE NECESSITY OF COMPENSATING IN SOME PART FOR ADDED COSTS DUE DEVALUATION AND

ARE PREPARED SUPPORT REASONABLE RECASTING (BUDGET ADD-ON).

6. WE WOULD HOPE CONSIDERATION THIS PROBLEM IN SA'S IS KEPT AT MINIMUM AT THIS TIME. IF CHANGES WITHIN UN SYSTEM IN CURRENCY OF ACCOUNTS OR CURRENCY OF ASSESSMENTS BECOME NECESSARY WE GREATLY PREFER UNGA TAKE LEAD.

7. WE WOULD APPRECIATE BEING KEPT INFORMED (SLUG IO/SEC) OF AGENCY VIEWS THIS SUBJECT THAT MAY COME TO MISSION'S ATTENTION BUT WE DO NOT REPEAT NOT WISH TO STIR THE POT. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOLLAR, BUDGETS, DEVALUATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE169401
Document Source: CORE
Document Unique ID: 00
Drafter: WMSOUTHWORTH/JCSAULS:MJF
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730816/aaaaalgq.tel
Line Count: 127
Locator: TEXT ON-LINE
Office: ORIGIN IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 29 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29-Aug-2001 by martinml>; APPROVED <01 MAR 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: U.S. DOLLAR AND UN BUDGET CURRENCIES LIMITED OFFICIAL USE
TAGS: AORG, AFIN, EFIN, UN
To: GENEVA MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005